

GIV VAL ICK

HCR Manor Care

(\$mm)	1Q00	2Q00	3Q00	4Q00	2000	1Q01	2001E	2002E
Revenue	569.9	581.2	604.5	624.9	2,380.6	638.2	2,650.1	2,810.3
Reported EBITDA	40.8	58.8	76.6	83.3	260.3	84.4	366.8	398.6
Adjustments ¹	36.8	0.0	0.0	0.0	36.8	0.0	0.0	0.0
Adjusted EBITDA	74.4	75.8	76.6	83.3	297.1	84.4	366.8	398.6
EBITDA Margin (%)	13.6	13.0	12.7	13.3	12.5	13.2	13.8	14.2
Rent Expense ²	5.6	5.6	5.6	5.6	22.4	5.6	22.4	22.4
EBITDAR	80.0	81.4	82.2	88.9	319.5	90.0	389.2	421.0
EBITDAR Margin (%)	14.0	14.0	13.6	14.2	13.4	14.1	14.7	15.0

Capitalization as of 3/31/01

Cash & Equivalents	23.5
2003 Revolver	362.8
Mortgages and Other Notes	39.9
Capital Leases	5.4
Total Secured Debt	602.6
8% Senior Notes	200.0
7 1/2% Senior Notes	149.7
Total Funded Debt	752.7
Common Equity	1,032.8
Total Capitalization	1,785.1
Implicit Lease Debt ³	142.4
Debt-Like Obligations	142.4
Adjusted Total Debt	894.7

NOTES: 2001 Revenue and EBITDA estimates are from UBS Warburg Research

1 1C00 represents special provision to increase reserve for general and professional liability claims

2 2C00 consists of unusual charges related to GHV bankruptcy (\$7mm, excluding \$2mm asset impairment charge (below-line)).

3 reorganization of Allterra relationship (\$7mm) and discontinued Manor Care buy-out transaction (\$mm)

4 Estimated, based on 2000 total rent expense

5 Equals LTM Rent Expense x 8

Enterprise Value as of 8/6/01

Shares Outstanding	102.9
Latest Price	30.85
Market Value of Equity	3,174.1
Market / Book	3.1x
+ Net Debt	734.2
Enterprise Value	3,908.3
EV / Reported EBITDA	12.9x
EV / Adjusted EBITDA	12.2x
EV / 2001 EBITDA	10.7x
+ Debt-Like Obligations	142.4
Adjusted Enterprise Value	4,050.7
Adjusted EV / EBITDAR	12.0x
Adjusted EV / 2001 EBITDAR	10.4x

GRIV VAL INC

Beverly Enterprises

(\$mm)	1Q00	2Q00	3Q00	4Q00	2000	1Q01	2001E	2002E
Revenue ¹	646.1	655.2	665.3	659.0	2,625.6	659.9	2,753.0	2,686.7
Reported EBITDA	55.1	58.7	11.6	62.9	188.3	(51.5)	244.8	261.2
Adjustments ²	0.0	0.0	49.0	0.0	49.0	107.7	0.0	0.0
Adjusted EBITDA	55.1	58.7	60.7	62.9	237.3	56.2	244.8	261.2
EBITDA Margin (%)	8.5	9.0	9.1	9.5	9.0	8.5	8.9	9.7
Rent Expense	28.7	30.0	28.4	29.2	116.3	29.2	114.9	114.9
EBITDAR	83.7	88.7	89.1	92.1	353.6	85.4	359.7	376.1
EBITDAR Margin (%)	13.0	13.5	13.4	13.7	13.5	12.9	13.1	14.0

Capitalization as of 3/31/01

Cash & Equivalents	25.9
Revolver	0.0
Notes, mortgages and Other	252.9
Capital Leases	10.9
IRBs	130.7
Total Secured Debt	404.5
9 5/8% Senior Notes	200.0
9% Senior Notes	180.0
Total funded Debt	784.5
Common Equity	537.5
Total Capitalization	1,322.0
Receivables Securitization	70.0
Synthetic Lease Facility	113.5
Implicit Lease Debt ³	935.2
Debt-Like Obligations	1,118.7
Adjusted Total Debt	1,983.2

NOTES 2001 and 2002 Revenue and EBITDA estimates are from UBS Warburg Research

- Revenue figures exclude interest income
- 3Q00 includes additional provisions for patient care claims (\$44.4mm) and workforce reductions and other unusual items (\$4.6mm)
- Equals LTMA Rent Expense x 8

Enterprise Value as of 8/6/01

Shares Outstanding	103.6
Latest Price	10.70
Market Value of Equity	1,109.0
Market / Book	2.1x
+ Net Debt	758.6
Enterprise Value	1,867.6
EV / Reported EBITDA	22.8x
EV / Adjusted EBITDA	7.8x
EV / 2001 EBITDA	7.6x
+ Debt-Like Obligations	1,118.7
Adjusted Enterprise Value	2,986.3
Adjusted EV / EBITDAR	8.4x
With Rents Only	7.9x
Adjusted EV / 2001 EBITDAR	8.3x

UBS Warburg

Section 4 Valuation Assumptions

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LTM VAR EITC

Kindred (formerly known as Vencor)

(\$mm)	1Q00	2000	1Q01	2001E	2002E
Revenue ¹	715.5	2,888.5	752.4	3,062.0	3,186.9
Reported EBITDA	26.7	77.0	26.7	146.0	173.0
Adjustments ²	0.0	0.0	0.0	0.0	0.0
Adjusted EBITDA	20.7	77.0	26.7	146.0	173.0
EBITDA Margin (%)	2.9	2.7	3.6	4.8	5.4
Rent Expense	76.2	307.8	77.0	275.0	269.7
EBITDAR	97.0	384.8	103.7	421.0	442.6
EBITDAR Margin (%)	13.6	13.3	13.8	13.7	13.9

Capitalization as of 3/31/01

Cash & Equivalents	62.2
Revolver	0.0
Notes, Mortgages and Other	45.0
Capital Leases	0.0
Total Secured Debt	45.0
Senior Notes	300.0
Total Funded Debt	345.0
Implicit Lease Debt ¹	2,468.7
Debt-like Obligations	2,468.7
Adjusted Total Debt	2,813.7

NOTE: 2001 and 2002 Revenue and EBITDA estimates are from UBS Warburg Research

- 1 Revenue figures exclude interest income
 2 3000 includes additional provisions for patient care claims (\$44.4mm) and workforce reductions and other unusual items (\$4.6mm)
 3 Equals LTM Rent Expense x 8

Enterprise Value as of 8/6/01

Shares Outstanding	15.2
Latest Price	46.50
Market Value of Equity	706.8
+ Net Debt	282.8
Enterprise Value	989.6
EV / Reported EBITDA	8.5x
EV / Adjusted EBITDA	8.5x
EV / 2001 EBITDA	nm
+ Debt-like Obligations	2,468.7
Adjusted Enterprise Value	3,458.3
Adjusted EV / EBITDAR	8.8x

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Omnicare

(\$mm)	1Q00	2Q00	3Q00	4Q00	2000	1Q01	2001E	2002E
Revenue	493.0	480.5	491.3	506.6	1,971.3	523.6	2,146.2	2,330.9
Reported EBITDA	55.3	49.3	52.3	47.7	217.2	60.7	282.8	317.5
Adjustments ¹	4.3	6.2	4.3	12.5	14.7	1.8	0.0	0.0
Adjusted EBITDA	59.6	55.5	56.5	60.3	231.9	62.5	282.8	317.5
EBITDA Margin (%)	12.1	11.5	11.5	11.9	11.8	11.9	13.2	13.6
Rent Expense ²	7.0	7.0	7.0	7.0	27.9	7.0	27.9	27.9
EBITDAR	66.6	62.5	63.5	67.3	259.8	69.5	310.7	345.4
EBITDAR Margin (%)	13.5	13.0	12.9	13.3	13.2	13.3	14.5	14.8

Capitalization as of 3/31/01

Cash & Equivalents	121.7
2001 Revolver	60.9
Capital Leases	1.4
Total Senior Debt	62.2
8.125% Senior Sub Notes	375.0
5.0% Convertible Sub Notes	345.0
Total funded Debt	782.2
Common Equity	1,089.4
Total Capitalization	1,871.6
Implied Lease Debt ³	223.2
Debt-Like Obligations	223.2
Adjusted Total Debt	1,005.4

SOURCE: 2001 and 2002 Revenues and EBITDA are from UBS Warburg Research

NOTES

- 1 Represents restructuring and related charges
- 2 Estimated, based on 2000 total rent expense
- 3 Equals LTM Rent Expense + 8

Enterprise Value as of 8/6/01

Shares Outstanding	93.1
Latest Price	23.46
Market Value of Equity	2,184.1
Market / Book	2.0x
+ Net Debt	660.6
Enterprise Value	2,844.7
EV / Reported EBITDA	12.8x
EV / Adjusted EBITDA	12.1x
EV / 2001 EBITDA	10.1x
+ Debt-Like Obligations	223.2
Adjusted Enterprise Value	3,067.9
Adjusted EV / EBITDAR	11.7x
Adjusted EV / 2001 EBITDAR	9.9x

GHV VNI ECV

Comparable Company Analysis

- ◆ Comparable Company Analysis, as used in valuation, uses comparable company financial statistics to assess the value the public markets would place on a company. EBITDA multiples represent a methodology of capitalizing current cash flows and are often used in determining the enterprise value of a company.
- ◆ UBS Warburg reviewed long-term health care companies that deliver various services to patients and also reviewed institutional pharmacy companies to arrive at blended multiple ranges.
- ◆ UBS Warburg assumes that GHV will trade at a discount to HCR due to HCR's higher quality of assets, more favorable payor mix, and EBITDA and EBITDAR margins that exceed GHV's margins.
- ◆ In comparison to BEV, UBS Warburg assumes that GHV will trade similarly to BEV or at a slight discount to BEV (on an EBITDAR basis). BEV has similar margins and a marginally better payor mix than GHV.
- ◆ UBS Warburg assumes GHV will trade similar or at a slight discount to Kindred due primarily to Kindred's business mix which includes long-term acute care hospitals.
- ◆ In comparison to OCR, UBS Warburg assumes that GHV's NeighborCare portion of the business will trade at a discount to OCR primarily because of OCR's higher margins in comparison to those of NeighborCare.

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Comparable Company Analysis (continued)

(\$mm, except multiples)	2001P EBITDA	Valuation Multiple	2001P EBITDA ¹	Valuation Multiple ²	Adjusted Enterprise Value	Cap Leases ³	Enterprise Value
GHV LLC	77.9	7.0x-9.0x			712.3-902.5	136.3	576.0-766.2
NeighborCare	80.5	8.0x-9.0x			643.9-724.5	-	643.9-724.5
Total	158.4						1,219.9-1,490.7

(\$mm, except multiples)	2002P EBITDA	Valuation Multiple	2002P EBITDA ¹	Valuation Multiple ²	Adjusted Enterprise Value	Cap Leases ³	Enterprise Value
GHV LLC	83.1	6.5x-8.5x			703.5-904.5	139.1	564.4-765.4
NeighborCare	87.3	7.5x-8.5x			654.8-742.1	-	654.8-742.1
Total	170.4						1,219.2-1,507.5

(\$mm, except multiples)	2001P EBITDA	Valuation Multiple	2001P EBITDA ¹	Valuation Multiple ²	Adjusted Enterprise Value	Cap Leases ³	Enterprise Value
GHV LLC	77.9	7.0x-9.0x			703.5-904.5	139.1	564.4-765.4
NeighborCare	80.5	8.0x-9.0x			643.9-724.5	-	643.9-724.5
Total	158.4						1,219.2-1,507.5

NOTES:

1 Figures represent 2001P and 2002P EBITDA and EV/EBITDA as the business does not have significant rent expense

2 Rents capitalized at 8x

3 NeighborCare valued utilizing EBITDA multiples

Valuation Analysis

SECTION 4

A Comparable Company Analysis

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Valuation Analysis

SECTION 4

B Discounted Cash Flow Analysis

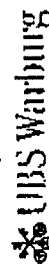
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Discounted Cash Flow Analysis

UBS Warburg conducted a Discounted Cash Flow ("DCF") analysis.

- ♦ A DCF analysis involves evaluating a company's future cash flow on a present value basis
- ♦ UBS Warburg employed the following valuation metrics:
 - 2002-2006 cash flow discounted by a range of discount rates, from 9% to 11%
 - the terminal value by applying a range of multiples to the 2006 EBITDA and discounting this result by the same discount rate
- ♦ UBS Warburg applied a range of discount rates of 9% to 11% based upon the results of the Weighted Average Cost of Capital ("WACC") analysis



Section of Valuation Analysis

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Discounted Cash Flow Analysis—Genesis LTC and NeighborCare

(\$mm)	Projected					Terminal Value		
	2002	2003	2004	2005	2006	7.5	8.0	8.5
EBITDA	170.4	174.9	182.3	189.7	197.4			
Capital Expenditures	(41.8)	(43.7)	(45.6)	(47.7)	(49.8)			
Cash Taxes (38.5% EBITA)	(46.8)	(47.1)	(48.4)	(49.7)	(50.9)			
Changes in Working Capital	(21.3)	(19.1)	(25.1)	(28.0)	(28.6)			
Free Cash Flow	60.5	65.0	63.1	64.3	68.0	1,480.2	1,578.9	1,677.6

Discount Factor	Terminal Value (Exit EBITDA) (x)		
	7.5	8.0	8.5
9%	962.0	1,026.2	1,090.3
10%	919.1	980.4	1,041.6
11%	878.4	937.0	995.6

Discount Factor	Enterprise Value (x)		
	7.5	8.0	8.5
9%	1,210.7	1,274.8	1,339.0
10%	1,161.3	1,222.6	1,283.9
11%	1,114.5	1,173.1	1,231.7

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Discounted Cash Flow Analysis—GHV LTC

(\$mm)	Projected					Terminal Value		
	2002	2003	2004	2005	2006	7.5	8.0	8.5
EBITDA	83.3	84.6	86.4	88.0	89.5			
Capital Expenditures	(31.2)	(32.3)	(33.5)	(34.7)	(36.0)			
Cash Taxes (38.5% EBITA)	(18.3)	(17.8)	(17.5)	(17.1)	(16.6)			
Changes in Working Capital	(10.2)	(7.7)	(7.2)	(8.8)	(8.0)			
Free Cash Flow	23.6	26.7	28.2	27.4	28.9	671.5	716.3	761.1

Discount Factor	Terminal Value (Exit EBITDA) (x)		
	7.5	8.0	8.5
9%	436.5	465.6	494.6
10%	417.0	444.8	472.6
11%	398.5	425.1	451.7

Discount Factor	Enterprise Value (x)		
	7.5	8.0	8.5
9%	540.6	569.7	598.8
10%	518.4	546.2	574.0
11%	497.4	523.9	550.5

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Discounted Cash Flow Analysis—NeighborCare

(\$mm)	Projected					Terminal Value		
	2002	2003	2004	2005	2006	8.0	8.5	9.0
EBITDA	87.1	90.3	95.9	101.7	107.8			
Capital Expenditures	(10.6)	(11.3)	(12.1)	(13.0)	(13.9)			
Cash Taxes (38.5% EBITA)	(28.6)	(29.3)	(30.9)	(32.6)	(34.3)			
Changes in Working Capital	(11.1)	(11.4)	(17.9)	(19.2)	(20.6)			
Free Cash Flow	36.8	38.3	34.9	36.9	39.0	862.6	916.5	970.4

Discount Factor	Terminal Value (Exit EBITDA) (x)		
	8.0	8.5	9.0
9%	560.6	595.7	630.7
10%	535.6	569.1	602.5
11%	511.9	543.9	575.9


Discount Factor	Enterprise Value (x)		
	8.0	8.5	9.0
9%	705.1	740.1	775.2
10%	676.4	709.9	743.3
11%	649.1	681.1	713.1

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Summary of DCF

(\$mm)	Low	High
GIIV LTC & NeighborCare Consolidated	1,114.5	1,339.0
GIIV LTC	497.4	598.8
NeighborCare	649.1	775.2
TOTAL	1,146.5	1,374.0

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 UBS Warburg

System of Valuation Analysis

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Weighted Average Cost of Capital—GHV LTC and NeighborCare

Comparable Companies

(\$mm)	Total Debt (\$)	Shares Outstanding	Share Price 6-Aug (\$)	Mkt Value of Equity (\$)	Debt to Equity (%)	Tax Rate (%)	Levered Beta ¹	Unlevered Beta
Beverly Enterprises	784.5	103.6	10.70	1,109.0	70.0	38.5	0.93	0.65
Omnicare	782.2	93.1	23.46	2,184.1	35.8	38.5	0.90	0.74
ManorCare	757.7	102.9	30.85	3,174.1	23.9	38.5	1.02	0.89
			Average	2,161.7	42.8			0.75
			Median	2,172.5	36.0			0.74

Weighted Average Cost of Capital

Target Total Debt Outstanding	624.0	Formulas:
Pre-Tax Weighted Average Cost of Debt Outstanding	9.5%	Capital Asset Pricing Model (CAPM):
Target Equity Value	1,055.4	$K(e) = R(f) + B \cdot [R(m) - R(f)] + \text{Size Premium}$
Target Total Capital	1,750.0	Unlevering/Relevering Beta:
Target Debt/Total Capital	36%	$B(u) = B(l) \cdot [1 + (1 - t) \cdot (D/E)]$
Target Levered Beta based on Comparables' Average Unlevered Beta	1.1	$B(l) = B(u) \cdot [1 + (1 - t) \cdot (D/E)]$
Risk Free Rate ²	5.0%	Weighted Average Cost of Capital (WACC):
Equity Risk Premium ³	8.0%	$WACC = (D/TC) \cdot K(d) + (E/TC) \cdot K(e)$
Target Tax Rate	38.5%	
Size Premium ³	0.0%	
Target Cost of Equity	14.0%	

Weighted Average Cost of Capital Calculation Assumptions

	Debt/Total Capital
Unlevered Beta	36%
0.66	9.9%
0.71	10.3%
0.76	10.6%
0.81	10.9%
0.86	11.3%

NOTES:

- 1 Represents 2-year weekly Adjusted Beta sourced from Bloomberg
- 2 Based on 5 Year US Treasury Note as of August 6, 2001
- 3 Ibbotson Associates, 2000 Yearbook

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Weighted Average Cost of Capital—GHV LTC

Comparable Companies

(\$mm)	Total Debt (\$)	Shares Outstanding	Share Price 6-Aug (\$)	Mkt Value of Equity (\$)	Debt to Equity (%)	Tax Rate (%)	Levered Beta ¹	Unlevered Beta
Beverly Enterprises	784.5	103.6	10.70	1,109.0	70.0	38.5	0.93	0.65
ManoCare	757.7	102.9	30.85	3,174.1	23.9	38.5	1.02	0.89
				Average	45.1			0.77

Weighted Average Cost of Capital⁴

Target Total Debt Outstanding	36	Formulas:
Pre-Tax Weighted Average Cost of Debt Outstanding	9.5%	Capital Asset Pricing Model (CAPM):
Target Equity Value	64	$K(e) = R(f) + B \cdot [R(f) - R(f)] + \text{Size Premium}$
Target Total Capital	100	Unlevering/Relevering Beta:
Target Debt/Total Capital	36%	$B(u) = B(l) \cdot [1 + (1 - \tau) \cdot (D/E)]$
Target Levered Beta based on Comparables' Average Unlevered Beta	1.1	$B(l) = B(u) \cdot [1 + (1 - \tau) \cdot (D/E)]$
Risk Free Rate ²	5.0%	Weighted Average Cost of Capital (WACC):
Equity Risk Premium ³	8.0%	$WACC = (D/TC) \cdot K(d) + (E/TC) \cdot K(e)$
Target Tax Rate	38.5%	
Size Premium ¹	0.0%	
Target Cost of Equity	13.9%	

Weighted Average Cost of Capital Calculation Assumptions

Unlevered Beta	Debt/Total Capital	35%
0.67	9.9%	
0.72	10.3%	
0.77	10.6%	
0.82	10.9%	
0.87	11.3%	

NOTES:

- 1 Represents 2-year weekly Adjusted Beta sourced from Bloomberg
- 2 Based on 5 Year US Treasury Note as of August 6, 2001
- 3 Ibbotson Associates, 2000 Yearbook
- 4 Capitalization figures are relative figures and do not represent actual values

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Weighted Average Cost of Capital—NeighborCare

Comparable Companies

(\$ mil)	Total Debt (\$)	Shares Outstanding	Share Price 6-Aug (\$)	Mkt Value of Equity (\$)	Debt to Equity (%)	Tax Rate (%)	Levered Beta ¹	Unlevered Beta
Omicare	782.2	93.1	23.5	2,184.1	35.8	38.5	0.90	0.74

Weighted Average Cost of Capital⁴

Target Total Debt Outstanding	36	Formulas:
Pre-Tax Weighted Average Cost of Debt Outstanding	9.5%	Capital Asset Pricing Model (CAPM):
Target Equity Value	64	$K(e) = R(f) + B \cdot [R(m) - R(f)] + \text{Size Premium}$
Target Total Capital	100	Unlevering/Relevering Beta:
Target Debt/Total Capital	36%	$B(u) = B(m) \cdot [1 + (1 - t) \cdot (D/E)]$
Target Levered Beta based on Comparables' Average Unlevered Beta	1.1	$B(l) = B(u) \cdot [1 + (1 - t) \cdot (D/E)]$
Risk Free Rate ²	5.0%	Weighted Average Cost of Capital (WACC):
Equity Risk Premium ³	8.0%	$WACC = (D/TC) \cdot K(d) + (E/TC) \cdot K(e)$
Target TaxRate	38.5%	
Size Premium ⁴	0.0%	
Target Cost of Equity	13.5%	

Weighted Average Cost of Capital Calculation Assumptions

Unlevered Beta	Debt/Total Capital
0.64	36%
0.69	9.6%
0.74	10.0%
0.79	10.3%
0.84	10.6%
	11.0%

NOTES:

- 1 Represents 2-year weekly Adjusted Beta sourced from Bloomberg
- 2 Based on 5 Year US Treasury Note as of August 6, 2001
- 3 Ibbotson Associates, 2000 Yearbook
- 4 Capitalization figures are relative figures and do not represent actual values

38 Warburg

Valuation Analysis

SECTION 4

C Precedent Transactions Analysis

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Precedent Transaction Analysis

- ◆ Precedent Transaction Analysis, as used in determining enterprise value, uses previously announced and/or completed transaction multiples to assess the enterprise value the public markets would place on a company in an acquisition. EBITDA multiples used in this context represent the multiple of current cash flow the acquiror is willing to pay
- ◆ UBS Warburg reviewed certain transactions within the long-term care industry
- ◆ Transaction multiples in the long-term care pre-PPS are not a good gauge for valuation analysis
 - valuations have been dramatically depressed since 1995
 - all of the relevant transactions are dated
- ◆ Challenging transaction environment
- ◆ None of the precedent transactions that we have analyzed was a company emerging from bankruptcy
- ◆ UBS Warburg does not believe the preceding precedents are necessarily representative of valuations for Genesis due to the limited number of transactions and the length of time which has lapsed since they occurred

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Precedent Transaction Analysis

Date Announced ¹	Acquiror	Target	Enterprise Value (\$mm)	Enterprise Value/ LTM Sales (x)		LTM EBITDAR (x)
				LTM Sales (x)		
7/16/01	NMC of Florida LLC	Beverly Enterprises (Florida homes)	165.0	na	na	na
2/25/00	Warburg Pincus	Centennial HealthCare	177.1	0.5	5.9	5.9
6/10/98	Health Care & Retirement Investcorp	Manor Care	2,450.0	1.8	11.0	11.0
4/16/98		Harborside Healthcare	289.8	1.3	13.6	13.6
4/13/98	Mariner Health Group	Paragon Health Network	1,184.4	1.6	9.9	9.9
2/9/98	Fountain View, Inc.	Summit Care Corporation	274.0	1.3	13.7	13.7
11/3/97	Integrated Health Services	HRC's LTC and Pharmacy Assets	1,250.0	1.4	13.4	13.4
9/30/97	Extendicare	Arbor Health Care	432.0	1.9	11.6	11.6
7/28/97	Sun Healthcare Group	Regency Health Services	589.0	1.0	13.0	13.0
6/16/97	Genesis, TPG, Cypress	Multicare Companies	1,395.0	2.4	13.6	13.6
			Low (x)	0.5	5.9	
			Median (x)	1.4	13.0	
			High (x)	2.4	13.7	

NOTE:

1 Source Securities Data Company

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SS Warburg

Comparable Company Information


APPENDIX A

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Comparable Company Annual Financial Data

Comparable Company Data

Company/ Revenue	Beverly	HCR ManorCare	Omnicare	Genesis
1998	2,812	2,209	1,517	1,879
1999	2,547	2,135	1,862	1,866
2000	2,626	2,381	1,971	1,924
EBITDA				
1998	407	425	243	304
1999	362	378	266	215
2000	354	319	260	184
EBITDA				
1998	276	408	223	274
1999	229	361	241	189
2000	237	297	232	159
EBIT				
1998	182	288	175	203
1999	129	246	172	114
2000	137	176	158	80

 UBS Warburg

Appendix A Comparable Company Information

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Comparable Company Revenue¹—Long-Term Care

(\$mm)	BEV (\$)	HCR (\$)	GHV (\$)	GHV LTC (\$)
3/31/98	694.4	551.1	474.0	364.9
6/30/98	715.4	545.4	480.7	365.3
9/30/98	698.0	557.4	477.7	308.7
12/31/98	704.5	555.2	479.2	233.2
3/31/99	633.6	531.8	464.6	225.5
6/30/99	632.8	530.5	465.1	224.6
9/30/99	637.4	536.7	457.5	211.6
12/31/99	642.9	536.3	452.9	202.7
3/31/00	646.1	569.9	453.9	195.5
6/30/00	655.2	581.2	455.1	188.6
9/30/00	665.3	604.5	480.4	206.5
12/31/00	659.0	624.9	629.0 ²	351.3 ²
Quarterly Average	665.4	560.4	480.8	250.3
Annualized Average	2,661.5	2,241.6	1,923.4	1,001.1

SOURCE: UBS Warburg High-Yield Research, UBS Warburg Equity Research, and Company reports

NOTES

- 1 Figure are not pro forma for acquisitions
- 2 12/31/00 number for GHV includes MultiCare

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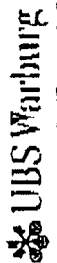
Comparable Company Revenue¹—Institutional Pharmacy

(\$mm)	OCR (\$)	NeighborCare (\$)
3/31/98	340.3	109.1
6/30/98	358.2	115.4
9/30/98	383.6	169.0
12/31/98	435.3	246.0
3/31/99	445.7	239.2
6/30/99	454.6	240.5
9/30/99	474.0	245.9
12/31/99	487.6	256.2
3/31/00	493.0	252.3
6/30/00	480.5	260.4
9/30/00	491.3	267.9
12/31/00	506.6	271.6
Quarterly Average	445.9	222.8
Annualized Average	1,783.6	891.2

SOURCE: UBS Warburg High-Yield Research, UBS Warburg Equity Research, and Company reports

NOTE:

1 Figures are not pro forma of acquisition



GHV VAI DOX

Comparable Company EBITDA¹—Long-Term Care

(\$mm)	BEV (\$)	HCR (\$)	GHV (\$)	GHV LTC (\$)
3/31/98	65.1	100.0	68.7	58.6
6/30/98	69.3	90.5	73.5	61.4
9/30/98	72.7	107.3	65.9	48.4
12/31/98	69.1	109.7	61.3	28.8
3/31/99	54.1	102.0	54.4	23.3
6/30/99	61.6	88.0	50.7	23.6
9/30/99	60.7	89.3	47.1	22.4
12/31/99	52.1	81.3	47.6	20.7
3/31/00	55.0	74.4	48.1	23.1
6/30/00	58.7	75.8	40.5	18.2
9/30/00	60.7	76.6	38.0	15.6
12/31/00	62.9	83.3	50.3	28.1
Quarterly Average	61.8	89.9	53.8	31.0
Annualized Average	247.3	359.4	215.4	124.1

SOURCE UBS Warburg High-Yield Research, UBS Warburg Equity Research, and Company reports

NOTE:

1 Figures are not pro forma for acquisitions



Appendix A Comparable Company Information

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GHV/VAL INC

Comparable Company EBITDA Margin

	BEV (%)	HCR (%)	OCR (%)	GHV (%)	GHV LTC (%)	NeighborCare (%)
3/31/98	9.4	18.2	14.3	14.5	16.1	9.3
6/30/98	9.7	16.6	14.6	15.3	16.8	10.5
9/30/98	10.4	19.2	14.6	13.8	15.7	10.4
12/31/98	9.8	19.8	14.6	12.8	12.4	13.2
3/31/99	8.5	19.2	15.6	11.7	10.3	13.0
6/30/99	9.7	16.6	14.0	10.9	10.5	11.3
9/30/99	9.5	16.6	11.3	10.3	10.6	10.0
12/31/99	8.1	15.2	11.0	10.5	10.2	10.8
3/31/00	8.5	13.6	12.1	10.6	11.8	9.7
6/30/00	9.0	13.0	11.5	8.9	9.7	8.4
9/30/00	9.1	12.7	11.5	7.9	7.5	8.2
12/31/00	9.5	13.3	11.9	8.0	8.0	8.0
Quarterly Average	9.3	16.2	13.1	11.3	11.6	10.2

SOURCE: UBS Warburg High-Yield Research, UBS Warburg Equity Research, and Company reports

NOTE:

1 Margins are not pro forma for acquisitions

UBS Warburg

Appendix A Comparable Company Information

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Comparable Company EBITDA¹—Institutional Pharmacy

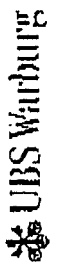
GIV VAL INC

(\$mm)	OCR (\$)	NeighborCare (\$)
3/31/98	48.5	10.1
6/30/98	52.3	12.1
9/30/98	56.2	17.5
12/31/98	63.7	31.5
3/31/99	69.5	31.1
6/30/99	63.5	27.1
9/30/99	53.4	24.7
12/31/99	53.6	26.9
3/31/00	59.6	25.0
6/30/00	55.5	22.3
9/30/00	56.5	22.4
12/31/00	60.3	22.2
Quarterly Average	57.7	22.7
Annualized Average	230.9	91.0

SOURCE: UBS Warburg High-Yield Research, UBS Warburg Equity Research, and Company reports

NOTE

1. Figures are not pro forma for acquisitions

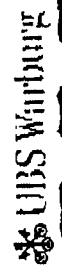


GHV-VAT DMC

Comparable Company EBITDA Margin—Institutional Pharmacy

	OCR (%)	NeighborCare (%)
3/31/98	14.3	9.3
6/30/98	14.6	10.5
9/30/98	14.6	10.4
12/31/98	14.6	13.2
3/31/99	15.6	13.0
6/30/99	14.0	11.3
9/30/99	11.3	10.0
12/31/99	11.0	10.8
3/31/00	12.1	9.9
6/30/00	11.5	8.6
9/30/00	11.5	8.4
12/31/00	11.9	8.2
Quarterly Average	13.1	10.3

SOURCE: UBS Warburg High-Yield Research, UBS Warburg Equity Research, and Company reports



Appendix A Comparable Company Information

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
Comparable Company EBITDAR¹—Long-Term Care

(\$mm)	BEV (\$)	HCR (\$)	GHV (\$)	GHV LTC (\$)
3/31/98	93.6	104.5	76.5	66.4
6/30/98	97.8	95.6	82.1	70.0
9/30/98	101.2	111.8	72.8	55.3
12/31/91	97.6	114.2	67.8	36.3
3/31/99	83.0	106.4	61.2	30.1
6/30/99	90.5	92.5	57.3	30.2
9/30/99	89.6	93.7	54.2	29.5
12/31/99	81.1	85.7	53.8	26.9
3/31/00	83.7	80.0	53.8	28.8
6/30/00	88.7	81.4	54.0	31.7
9/30/00	89.1	82.2	57.8	35.4
12/31/00	92.1	88.9	60.0	37.8
Quarterly Average	90.7	94.7	62.6	39.9
Annualized Average	362.7	379.0	250.4	159.5

SOURCE UBS Warburg High-Yield Research, UBS Warburg Equity Research, and Company reports

NOTE:

1 Figure are not pro forma for acquisitions

 UBS Warburg

Appendix A Comparable Company Information

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Comparable Company EBITDAR Margin—Long-Term Care

	BEV (%)	HCR (%)	GHV (%)	GHV LTC (%)
3/31/98	13.5	19.0	16.1	18.2
6/30/98	13.7	17.8	17.1	19.2
9/30/98	14.5	20.1	15.2	17.9
12/31/98	13.9	20.6	14.1	15.6
3/31/99	13.1	20.0	13.2	13.3
6/30/99	14.3	17.4	12.3	13.4
9/30/99	14.1	17.5	11.8	13.9
12/31/99	12.6	16.0	11.9	13.3
3/31/00	13.0	14.0	11.9	14.7
6/30/00	13.5	14.0	11.9	16.8
9/30/00 ¹	13.4	13.6	12.0	17.1
12/31/00 ¹	13.7	14.2	9.5	10.8
Quarterly Average	13.6	17.0	13.1	15.4

SOURCE: UBS Warburg High-Yield Research, UBS Warburg Equity Research, and Company reports

NOTES:

- 1 Figure are not pro forma for acquisitions
- 2 Assumed rent expense remains constant from 12/31/00


CONFIDENTIAL



Form of Valuation Disclaimer

APPENDIX B

AA. 1630

 UBS Warburg

Form of Valuation Disclaimer

UBS Warburg has acted as the Company's financial advisor in connection with the Restructuring. In connection with UBS Warburg's engagement, the Company requested that UBS Warburg analyze the enterprise value of the Company. The valuation analyses did not address other aspects of the proposed restructuring or any related transaction. The valuation analyses were prepared for the information of the Board of Directors of the Company in connection with its consideration of the Restructuring and do not constitute a recommendation to any holder of Company securities as to how to vote or act on any matter relating to the Restructuring. UBS Warburg's estimate of a range of enterprise value does not constitute an opinion as to the fairness from a financial point of view of the consideration to be received under the Plan or of the terms and provisions of the Plan.

In arriving at its views on valuation, UBS Warburg reviewed the Plan and certain related documents, as well as publicly available business and financial information relating to the Company. UBS Warburg also reviewed other information relating to the Company, including the 2001 to 2006 financial projections attached as Exhibit ___ to the Plan Supplement (the "Reorganized Debtor's Projections"), which the Company provided to or discussed with UBS Warburg, and met with the management of the Company to discuss the business and prospects of the Company. UBS Warburg also considered financial data of the Company and compared that data with similar data for other publicly held companies in businesses similar to the Company (the "Comparable Companies Analysis"). UBS Warburg also considered other information, financial studies, analyses and investigations and financial, economic and market criteria that it deemed relevant.

The Comparable Companies Analysis involved identifying a group of publicly traded companies comparable, in whole or in part, to the Company, or to certain operations of the Company and then calculating ratios of the enterprise values and equity values (based upon publicly traded stock prices) for such companies to certain operating and financial data and estimates for such companies (i.e., EBITDAR and EBITDA). This data was then taken into consideration in the development of a range for each selected metric, which ranges were then applied to corresponding operating and financial data and estimates for the Company based upon the Reorganized Debtor's Projections to derive an implied enterprise value. UBS Warburg also conducted a discounted cash flow analysis on the unlevered free cash flows that the Company would generate assuming the Reorganized Debtor's Projections were realized. Based upon discussions with management, UBS Warburg then calculated a range of terminal values as of the end of Fiscal Year 2006. These unlevered free cash flows and terminal value estimates were then discounted back to the present by the weighted average cost of capital ("WACC") for the Company which WACC is, in turn, based upon the WACC for comparable companies and the Reorganized Debtor's Projections.

Form of Valuation Disclaimer (continued)

In connection with its review, UBS Warburg did not assume any responsibility for independent verification of any of the information that was provided to, or otherwise reviewed by, it and relied on that information being complete and accurate in all material respects. With respect to financial forecasts, UBS Warburg was advised, and assumed, that the Reorganized Debtor Projections were reasonably prepared on bases reflecting the best currently available estimates and judgments of the Company's management as to the future financial performance of the Company after giving effect to the proposed restructuring. No representation or warranty, express or implied, can be or is made by UBS Warburg as to the accuracy or achievability of any such valuations, estimates and/or forecasts, and UBS Warburg expressly disclaims any and all liability relating to or resulting from the use of this material. In addition, UBS Warburg assumed that the restructuring would be completed in accordance with the terms of the Plan without any amendments, modifications or waivers and also assumed that in the course of obtaining the necessary judicial, regulatory and third party consents for the proposed restructuring and related transactions, there will be no delays, modifications or restrictions imposed that will have a material adverse effect on the contemplated benefits of the proposed restructuring to the Company. UBS Warburg was not requested to, and did not, make an independent evaluation or appraisal of the individual assets or liabilities, contingent or otherwise, of the Company, and was not furnished with any such evaluations or appraisals. UBS Warburg's valuation analyses were based on information available to, and financial, economic, market and other conditions as they existed and could be evaluated by, UBS Warburg on August 6, 2001. Actual results may vary from such estimates, valuations or forecasts and such variations may be material.

The preparation of valuation analyses is a complex analytical process involving various determinations as to the most appropriate and relevant methods of financial analysis and the application of those methods to particular facts and circumstances, many of which are beyond the control of the Company and UBS Warburg. The valuation range indicated by UBS Warburg's analyses is not necessarily indicative of the prices at which the common stock or other securities of the Company may be bought or sold or predictive of future financial results or values, which may be significantly more or less favorable than those indicated by the analyses. Accordingly, UBS Warburg's analyses and estimates are inherently subject to substantial uncertainty.

UBS Warburg has advised the Company that, based upon and subject to the foregoing, as of August 6, 2001, our analyses indicated that the enterprise value of the Company would be between \$1.2 billion and \$1.45 billion.

✠ S Warburg

Genesis Health Ventures Five Year Plan

APPENDIX C

AA. 1634

UBS Wurzburg

UBS Warburg

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GENESIS HEALTH VENTURES, INC.

Budgeted 2001 EBITDA

(in \$ 000's)

Adjustments: Multicare BBRA Revenue Adjustment Startup Costs Mariner Contract Loss
Strictly Confidential

	Actual	2000	1Q 2001	2Q 2001	3Q 2001	4Q 2001	2001	2002	2003	2004	2005	2006	01 '08
Revenue	702,813	889,932	175,123	174,262	180,439	184,759	714,584	749,296	771,410	793,663	816,413	839,631	3.3%
ElderCare	971,015	1,052,278	273,882	279,909	292,794	303,667	1,190,032	1,197,233	1,270,557	1,360,868	1,457,172	1,560,522	6.3%
Neighborhood	137,085	140,953	34,987	36,826	38,694	37,289	144,798	149,228	156,727	164,908	172,889	181,908	4.8%
Rehab Services	100,008	72,358	15,215	15,716	15,706	16,727	62,863	65,570	67,430	69,347	71,121	73,054	3.1%
Management Svcs	82,390	120,434	29,780	30,769	32,281	33,455	126,279	130,483	134,916	139,427	144,202	149,047	3.4%
Other	(137,848)	(150,536)	(39,721)	(39,523)	(38,738)	(36,805)	(158,787)	(165,139)	(171,744)	(178,614)	(185,758)	(193,169)	4.0%
Intercompany	1,865,552	1,924,415	489,048	498,473	518,147	536,102	2,039,769	2,126,851	2,228,302	2,349,089	2,476,038	2,610,633	5.1%
Total	101,732	90,475	23,327	22,328	27,148	28,702	102,500	116,254	119,528	122,428	125,278	128,044	4.6%
EBITDA	101,732	90,475	23,327	22,328	27,148	28,702	102,500	116,254	119,528	122,428	125,278	128,044	4.6%
ElderCare	101,732	90,475	23,327	22,328	27,148	28,702	102,500	116,254	119,528	122,428	125,278	128,044	4.6%
Neighborhood	12,827	22,931	4,866	4,218	4,909	5,168	19,957	19,570	20,758	22,015	23,345	24,752	5.5%
Rehab Services	(13,035)	(25,532)	(13,617)	(14,136)	(13,099)	(11,934)	(52,787)	(53,717)	(55,718)	(57,298)	(59,124)	(60,895)	2.9%
Management Svcs	8,540	8,634	3,038	3,024	3,532	3,936	13,531	13,368	12,802	12,814	12,508	12,275	-1.9%
Other	5,304	(3,891)	(1,790)	3,024	2,275	(545)	0	0	0	0	0	0	4.0%
Intercompany	215,184	183,714	37,088	38,242	46,485	53,845	175,478	187,756	193,057	201,256	209,573	218,080	4.4%
Total	73,549	69,424	17,373	17,129	22,027	24,580	81,769	95,232	97,832	100,043	102,180	104,212	5.0%
EBITDA	101,736	81,117	21,472	20,537	23,848	27,321	93,277	92,279	95,889	101,497	107,587	113,905	4.1%
ElderCare	12,827	22,930	4,866	4,216	4,909	5,166	19,957	19,570	20,758	22,015	23,345	24,752	5.5%
Rehab Services	(11,262)	(30,896)	(12,678)	(13,197)	(12,181)	(10,996)	(49,031)	(50,082)	(52,208)	(53,917)	(55,875)	(57,784)	3.3%
Management Svcs	8,502	8,608	3,038	3,024	3,532	3,936	13,531	13,368	12,802	12,814	12,508	12,275	-1.9%
Other	5,098	(2,627)	(1,790)	3,024	2,275	(545)	0	0	0	0	0	0	4.0%
Intercompany	188,510	159,554	32,833	33,944	42,314	49,462	159,413	170,368	174,172	182,252	189,723	197,361	4.5%
Total	48,447	44,669	11,520	10,677	15,574	18,127	55,898	71,712	73,551	74,992	76,318	77,508	6.6%
EBIT	68,716	57,237	13,145	12,211	15,821	18,994	59,370	76,363	81,484	85,911	90,504	95,282	9.7%
ElderCare	9,875	19,472	3,863	3,412	4,103	4,362	19,742	19,775	19,913	21,120	22,398	23,752	8.6%
Rehab Services	(25,319)	(48,726)	(18,442)	(18,963)	(15,927)	(14,782)	(64,085)	(60,988)	(64,787)	(68,239)	(71,992)	(75,750)	3.4%
Management Svcs	5,790	7,634	2,854	2,839	3,346	3,752	12,792	12,733	12,146	11,828	11,810	11,558	-2.0%
Other	5,243	(2,627)	(1,790)	2,275	60	(545)	0	0	0	0	0	0	4.0%
Intercompany	113,552	79,558	13,148	14,450	22,780	29,928	80,307	121,814	122,318	125,723	129,038	132,328	10.5%
Total	17,000	9,000	4,420	4,420	4,420	4,420	17,680	18,387	19,123	19,885	20,653	21,510	4.0%
Cap Ex	-	-	2,444	2,444	2,444	2,444	9,775	10,371	11,347	12,135	12,978	13,880	7.3%
ElderCare	-	-	129	129	129	129	515	530	548	563	580	597	3.0%
Neighborhood	-	500	2,833	2,833	2,833	2,833	11,330	11,873	12,020	12,381	12,752	13,135	3.0%
Rehab Services	-	800	155	155	155	155	618	637	658	675	696	716	3.0%
Management Svcs	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-
Intercompany	-	-	-	-	-	-	-	-	-	-	-	-	-
Multicare	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	-	38,100	9,880	9,960	9,980	9,980	39,918	41,795	43,892	45,641	47,689	49,839	4.5%

UBS Warburg

Genesys Health Ventures, Inc

INCOME STATEMENT

(in \$ 000's)

Adjustments: Medicare BERRA Revenue Adjustment Startup Costs Mariner Contract Loss

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	Actual 1999	2000	1Q 2001	2Q 2001	Plan (FYE 9/30) 3Q 2001	4Q 2001	2001	2002	2003	2004	2005	2006
Net sales	1,865,552	1,924,415	488,048	488,048	488,048	518,147	2,856,768	2,128,881	2,226,382	2,344,888	2,474,038	2,810,433
Cost of Sales (excl. depreciation and amortization)	504,314	575,823	159,813	159,813	163,704	171,737	873,085	712,328	763,856	823,780	882,557	958,324
Gross profit	1,361,238	1,348,591	328,234	328,234	324,344	346,410	1,983,683	1,416,553	1,462,526	1,521,108	1,591,481	1,852,109
Salaries, wages and benefits	770,168	817,005	216,285	216,285	222,647	228,269	902,865	831,447	866,279	901,439	935,871	1,102,044
Other operating expenses (income)	537,463	534,972	65,936	65,936	65,500	64,941	261,682	268,758	272,036	279,593	287,347	295,323
Bad Debts	54,061	38,417	7,374	7,374	7,482	7,653	30,376	30,843	35,244	37,207	39,293	41,510
Capitalized Items	(17,201)	(5,244)	(1,521)	(1,521)	(1,480)	(1,433)	(6,968)	(8,189)	(8,441)	(8,922)	(9,552)	(17,223)
EBITDAR	216,737	185,481	37,832	37,832	38,937	41,980	177,357	188,677	195,519	203,782	211,123	226,876
Management Fee	1,603	1,747	436	436	455	484	1,880	1,820	2,453	2,506	2,650	2,596
EBITDAR	218,340	187,228	38,268	38,268	39,392	42,464	179,237	190,497	197,972	206,288	213,773	229,472
Rent	28,854	25,160	4,413	4,413	4,258	4,163	17,033	17,388	19,057	20,256	20,873	211,080
EBITDA	189,486	162,068	33,855	33,855	35,134	38,301	162,204	173,109	178,915	186,032	192,900	208,392
Depreciation	38,878	44,194	11,282	11,282	11,282	11,282	45,128	48,756	52,565	56,528	60,685	65,032
Amortization of goodwill	25,060	26,892	5,975	5,975	5,975	5,975	23,900	24,900	25,900	26,900	27,900	28,900
Amortization of fee	8,982	8,021	2,277	2,277	2,277	2,277	8,108	8,108	8,108	8,108	8,108	8,108
EBIT	113,552	78,854	13,146	13,146	14,450	22,790	80,307	121,814	122,518	123,723	124,000	132,328
Interest expenses	103,981	145,627	28,431	28,431	29,280	31,127	120,548	140,898	149,333	149,333	149,333	149,333
Restructuring Charge	18,097	511,260	-	-	-	-	-	-	-	-	-	-
Restructuring Costs	-	39,100	7,250	7,250	7,250	15,090	38,550	-	-	-	-	-
EBT	(8,386)	(811,328)	(23,633)	(23,633)	(23,080)	(33,387)	(70,768)	(47,082)	(48,222)	(48,610)	(48,610)	(48,610)
Income taxes: - Current	(3,680)	-	-	-	-	-	-	-	-	-	-	-
- Deferred	-	-	-	-	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	-	-	-	-	-
Net Income	(5,846)	(811,328)	(23,633)	(23,633)	(23,080)	(33,387)	(70,768)	(47,082)	(48,222)	(48,610)	(48,610)	(48,610)
INCOME STATEMENT RATIOS												
Sales growth		3.2%										
EBITDAR margin		9.6%	7.7%	7.7%	7.8%	8.1%	6.0%	4.3%	4.8%	5.4%	5.4%	5.4%
EBITDAR margin		9.5%	7.6%	7.6%	7.7%	8.0%	6.0%	4.3%	4.8%	5.4%	5.4%	5.4%
EBITDA margin		8.2%	6.7%	6.7%	6.8%	7.2%	5.8%	4.0%	4.5%	5.1%	5.1%	5.1%
EBIT margin		4.1%	2.7%	2.7%	2.9%	4.4%	3.0%	2.3%	2.5%	2.8%	2.8%	2.8%
Effective tax rate		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Cost of Sales												
Salaries, wages and benefits	27.0%	29.8%	32.7%	32.7%	33.0%	33.1%	33.0%	33.5%	34.3%	35.1%	35.9%	36.7%
Other operating expenses (income)	41.3%	42.5%	45.0%	45.0%	44.8%	44.1%	44.3%	43.6%	43.5%	43.1%	42.6%	42.2%
Bad Debts	18.1%	18.4%	13.5%	13.5%	13.5%	12.5%	12.8%	12.5%	12.2%	11.8%	11.6%	11.3%
Capitalized Items	2.8%	(0.9%)	1.5%	1.5%	1.5%	1.5%	1.5%	1.6%	1.6%	1.6%	1.6%	1.6%
Rent	(0.8%)	(0.3%)	(0.3%)	(0.3%)	(0.3%)	(0.3%)	(0.3%)	(0.3%)	(0.3%)	(0.3%)	(0.3%)	(0.3%)
Depreciation	1.4%	1.3%	0.9%	0.9%	0.9%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%
Amortization	2.1%	2.3%	2.3%	2.3%	2.3%	2.2%	2.2%	2.3%	2.4%	2.4%	2.5%	2.5%
	1.3%	1.4%	1.2%	1.2%	1.2%	1.2%	1.2%	1.2%	1.2%	1.2%	1.2%	1.2%

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Genetics Health Ventures, Inc.
PRO-FORMA BALANCE SHEET
(in \$ 000's)

Strictly Confidential

	Actual 1999	Expected 2000	10/2001	20/2001	30/2001	4Q/2001	2001	Post Restructuring Capital Structure		Pro Forma 2001
								Debit	Credit	
Cash and cash equivalents	38,522	28,587	(9,005)	15,453	25,000	25,000	25,000	-	-	25,000
Accounts receivable	398,921	399,892	414,065	430,737	443,941	453,680	453,680	-	-	453,680
Inventory	83,381	66,837	80,908	87,616	69,825	70,039	70,039	-	-	70,039
Accrued Management Fee	418	201	205	208	210	213	213	-	-	213
Prepaid Expenses & Other	46,263	61,359	80,907	64,281	68,181	67,312	67,312	-	-	67,312
Total current assets	549,528	656,877	835,878	878,303	604,138	616,245	616,245	-	-	616,245
Net fixed assets	812,411	843,801	542,598	800,832	594,730	597,437	597,437	-	98,979	508,548
Other long term assets	324,299	201,859	205,400	216,923	219,477	223,139	223,139	-	-	223,139
Deferred Tax Assets	-	-	-	-	-	-	-	-	-	-
Capitalized fees & expenses	-	-	-	-	-	-	-	-	-	-
Goodwill	841,787	879,305	871,053	882,801	854,549	848,297	848,297	-	946,287	1,377,932
Total assets	2,426,032	2,180,641	2,186,031	2,357,058	2,274,093	2,283,109	2,303,109	-	946,287	3,303,109
Accounts payable - Pro-Forma	-	50,000	50,000	50,000	50,000	50,000	50,000	60,000	-	-
Accounts Payable Pro-Forma	175,857	40,003	36,885	41,471	45,144	47,827	47,827	-	-	47,827
Accrued liabilities	86,729	130,662	130,052	134,419	134,145	135,144	135,144	-	-	135,144
Income Taxes Payable	503	-	-	-	-	-	-	-	-	-
Total current liabilities	243,090	220,665	216,937	225,880	229,289	232,771	232,771	60,000	-	182,771
Mortgages	120,546	88,950	68,950	79,967	79,967	79,967	79,967	79,967	-	-
DFP	-	132,000	154,500	200,000	800,000	200,000	200,000	200,000	-	-
Synthetic Lease	813,980	845,834	845,834	650,000	681,079	703,832	703,832	703,832	-	-
Payover	-	-	-	-	-	-	-	-	-	-
Other Secured	118,834	110,445	110,445	110,445	110,445	110,445	110,445	110,445	-	-
Term Loan A	152,520	152,131	152,131	152,131	152,131	152,131	152,131	152,131	-	-
Term Loan B	152,156	151,378	151,378	151,378	151,378	151,378	151,378	151,378	-	-
Payover	-	-	-	-	-	-	-	-	-	-
Multicure Debt	-	-	-	-	-	-	-	-	-	-
9.875% Senior Sub Notes	120,600	126,937	126,937	126,937	126,937	126,937	126,937	126,937	-	-
9.75% Senior Sub Notes	120,000	126,090	126,090	126,090	126,090	126,090	126,090	126,090	-	-
9.25% Senior Sub Notes	125,000	133,395	133,395	133,395	133,395	133,395	133,395	133,395	-	-
Other Unsecured Debt	-	15,949	15,949	13,448	13,448	13,448	13,448	13,448	-	-
Total Debt	1,821,838	1,864,110	1,866,110	1,802,548	1,843,827	1,858,390	1,843,827	1,858,390	-	-
Deferred taxes	74,981	75,161	73,811	72,861	71,411	70,161	70,161	-	-	70,161
Other Long-Term Liability	-	-	-	-	-	-	-	-	-	-
Total Liabilities	1,839,667	1,978,866	1,976,877	2,101,095	2,144,237	2,159,313	2,159,313	1,906,380	-	252,932
Minority Interest	457	8,052	8,052	8,052	8,052	8,052	8,052	8,052	-	-
Preferred Stock	6	442,820	442,820	442,820	442,820	442,820	442,820	442,820	-	-
New Convertible Preferred	-	-	-	-	-	-	-	-	-	-
Common Equity	753,503	802,148	802,148	802,148	802,148	802,148	802,148	802,148	-	-
Retained Earnings (Deficit)	(185,820)	(1,050,435)	(1,072,957)	(1,095,057)	(1,118,454)	(1,127,225)	(1,127,225)	1,125,093	-	1,125,093
Total Equity	568,346	200,585	174,053	155,963	132,588	123,796	123,796	1,251,020	2,252,225	1,135,000
Total Liabilities & Equity	2,426,032	2,180,541	2,155,031	2,257,058	2,276,823	2,283,109	2,283,109	3,157,401	3,157,401	1,377,932

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Genetix Health Ventures, Inc.

CASH FLOW STATEMENT

(in \$ 000's)

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	Actual 1999	2000	1Q 2001	3Q 2001	4Q 2001	2001	2002	2003	2004	2005	2006
CASH FLOW FROM/OPERATING ACTIVITIES											
Net income	(5,646)	(611,329)	(22,532)	(22,000)	(21,387)	(8,770)	(79,789)	77,028	80,038	82,881	65,955
Plus:											
Non-Cash Rescheduling Charge	19,087	965,129		11,242	11,282	45,128	48,735	62,555	58,529	60,985	65,032
Depreciation	36,878	44,184	11,882	5,975	5,975	23,900	-	-	-	-	-
Amortization of goodwill	25,000	26,682	5,975	2,277	2,277	9,108	-	-	-	-	-
Amortization of lease	9,969	5,021	2,277	-	-	-	-	-	-	-	-
Deferred taxes	-	-	-	-	-	-	-	-	-	-	-
Change in working capital											
Accounts receivable	(971)	(14,172)	(15,872)	(13,204)	(8,739)	(52,788)	(15,304)	(18,960)	(25,971)	(27,548)	(28,163)
Inventory	(2,568)	(1,271)	(107)	(1,208)	(1,214)	(4,402)	(3,713)	(4,977)	(5,684)	(6,116)	(6,578)
Accrued Management Fee	217	(3)	(2)	(4)	(4)	(12)	(9)	(11)	(13)	(13)	(14)
Prepaid Expenses/Other	(13,078)	(2,446)	(484)	(1,670)	(1,151)	(6,984)	(2,867)	(3,387)	(3,953)	(4,189)	(4,442)
Accounts payable - pre petition	(125,857)	-	-	-	-	-	-	-	-	-	-
Accounts payable - post petition	40,000	(3,136)	4,608	3,673	2,484	7,924	(572)	5,788	6,808	7,281	7,821
Accrued liabilities	63,953	(898)	4,383	(210)	899	4,482	1,178	2,416	3,720	2,338	3,780
Income Taxes Payable	(300)	-	-	-	-	-	-	-	-	-	-
Total change in working capital	(38,480)	(21,823)	(8,937)	(12,885)	(8,825)	(52,070)	(21,286)	(19,081)	(25,160)	(29,031)	(28,617)
Change in other long-term assets	122,940	(3,741)	(10,523)	(3,554)	(3,682)	(21,480)	(9,125)	(10,778)	(12,579)	(13,329)	(14,136)
Change in other long-term liabilities	200	(1,250)	(1,250)	(1,250)	(1,250)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)
Net cash flow from operating activities	(182,884)	(29,643)	(23,284)	(21,533)	(2,774)	(77,233)	88,008	84,745	83,968	87,307	103,235
CASH FLOW FROM/INVESTING ACTIVITIES											
Capital expenditures	(38,100)	(9,980)	(9,980)	(9,980)	(9,980)	(39,518)	(41,795)	(43,992)	(45,841)	(47,689)	(49,309)
Acquisitions (purchases)	(39,100)	(9,980)	(9,980)	(9,980)	(9,980)	(39,518)	(41,795)	(43,992)	(45,841)	(47,689)	(49,309)
Net cash flow from investing activities	(77,200)	(19,960)	(19,960)	(19,960)	(19,960)	(79,036)	(83,590)	(87,984)	(91,682)	(95,378)	(98,618)
CASH FLOW FROM/FINANCING ACTIVITIES											
Increase (decrease) in Mortgage	(31,586)	(8,963)	(8,963)	(8,963)	(8,963)	(39,518)	(41,795)	(43,992)	(45,841)	(47,689)	(49,309)
Increase (decrease) in DIP Financing	133,000	45,000	45,000	45,000	45,000	67,000	67,000	67,000	67,000	67,000	67,000
Increase (decrease) in tender	31,854	4,188	4,188	4,188	4,188	37,998	37,998	37,998	37,998	37,998	37,998
Increase (decrease) in Other Secured	(8,280)	18,500	18,500	18,500	18,500	18,500	18,500	18,500	18,500	18,500	18,500
Increase (decrease) in term loan A	(389)	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in term loan B	(776)	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in term loan C Reflower	-	(19,500)	(19,500)	(19,500)	(19,500)	(19,500)	(19,500)	(19,500)	(19,500)	(19,500)	(19,500)
Increase (decrease) in Other Debt	6,317	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in 8.875% senior sub. notes	6,080	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in 8.75% senior sub. notes	8,395	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in 8.25% senior sub. notes	15,949	(2,500)	(2,500)	(2,500)	(2,500)	(2,500)	(2,500)	(2,500)	(2,500)	(2,500)	(2,500)
Increase (decrease) in Other Unsecured Debt	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in New Convertible Preferred	48,845	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in common equity	211,118	2,000	57,700	41,078	12,753	113,535	-	-	-	-	-
Net cash flow from financing activities	38,522	28,887	(9,065)	15,439	25,000	21,987	25,000	72,240	123,283	171,941	221,158
Beginning cash balance	(9,326)	(37,692)	24,458	9,547	(5)	(3,587)	47,240	51,053	48,248	49,818	53,387
NET CHANGE IN CASH	21,587	(8,068)	11,453	21,000	21,000	21,000	72,240	123,283	171,941	221,158	274,556
Ending cash balance	38,522	28,887	(9,065)	15,439	25,000	21,987	25,000	72,240	123,283	171,941	221,158

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D

Qualifications of William C. McGahan

APPENDIX D

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William C. McGahan

William C. McGahan is currently Managing Director, Deputy Head of UBS Warburg's Global Healthcare Group. UBS Warburg currently maintains the largest healthcare group on Wall St. in terms of number of investment banking professionals and number of completed transactions. Mr. McGahan has spent the last 12 years in healthcare investment banking having completed over 200 transactions with a cumulative transaction value of over \$50 billion. Fairness opinions and valuation analysis were an integral part of some or all these transactions.

EDUCATION

- ♦ MB.A degree from the Colgate Darden Graduate School of Business (1989); recipient of faculty award for academic excellence
- ♦ B.S. in Economics from Southern Methodist University

EMPLOYMENT

- ♦ 12 years in investment banking
- ♦ All professional investment banking experience in health care

UBS Warburg: March 1999-Present

- ♦ Managing Director, Deputy Head of Global Health Care Corporate Finance

Salomon Smith Barney: 1988-March 1999

- ♦ Managing Director, Health Care Corporate Finance Group
- ♦ Management Responsibilities
 - member of the Global Promotions and Compensation Committee
 - member of the analyst / associate recruitment team
- ♦ Health Care Group at Salomon Smith Barney
 - largest Health Care Group in investment banking industry
 - second largest industry group at Salomon Smith Barney and largest M&A franchise at Salomon Smith Barney in 1998
 - each year over half of Health Care Group revenues derived from existing clients

William C. McGahan Deal Experience

Mr. McGahan is a leading industry expert within the long-term care sector. He has participated in over 60 transactions representing over \$20 billion in transaction value.

The following table provides a summary of all the transactions completed by Mr. McGahan in the long-term care sector since 1991:

Closing Date	Client	Transaction	Transaction Value (\$mm)
Pending	Genesis Health Ventures	Financial Restructuring of Indebtedness	1,580.0
Pending	Integrated Health Services	Financial Restructuring of Indebtedness	3,400.0
Pending	Rotech Medical Corporation	Sale to Financial Sponsor from Integrated Health	1,000.0
Mar 01	Manor Care	Sr. Notes Offering	200.0
Feb 00	Integrated Health Services	DIP Financing	300.0
Dec 99	NHP plc	Securitization of Long-Term Care Facilities	313.3
May 99	Integrated Health Services	Acquisition of NovaCare's Contract Therapy Business	Undisc.
Aug 98	Integrated Health Services	Sale of NPSI Division to Pharmacia	Undisc.
Jun 98	Integrated Health Services	Underwritten Call of Convertible Debt	115.0
Jan 98	HealthSouth (Horizon/CMS)	Sale of Long-Term Care Assets to Integrated Health	1,250.0
Nov 97	GranCare	Merger with Living Centers of America / Apollo Recap.	1,300.0
Nov 97	Extendicare Health Services	Senior Subordinated Notes Offering - Co-Manager	200.0
Oct 97	Multicare Companies	Sale to Genesis ElderCare	1,250.0
Oct 97	Paragon Health Network	Senior Subordinated Notes - Co - Manager	569.0
Oct 97	HealthSouth	Acquisition of Horizon/CMS Healthcare Corporation	1,651.3
Oct 97	RoTech Medical Corporation	Sale to Integrated Health Services	918.9
Oct 97	Regency Health Services	Sale to Sun Healthcare Group	587.9
Sep 97	Community Care of America	Sale to Integrated Health Services	94.0
Sep 97	Integrated Health Services	Senior Subordinated Notes Offering - Lead Manager	500.0
May 97	Integrated Health Services	Tender to Repurchase Debt	100.0
May 97	Integrated Health Services	Tender to Repurchase Debt	115.0
May 97	Integrated Health Services	Senior Subordinated Notes Offering - Lead Manager	450.0
Dec 96	Pacific Rehab & Sports Medicine	Sale to Horizon/CMS Healthcare	72.7
Dec 96	ADS Group	Sale to Multicare Companies	95.2

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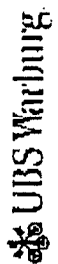
William C. McGahan Deal Experience (continued)

Closing Date	Client	Transaction	Transaction Value (\$mm)
Oct 96	Integrated Health Services	Acquisition of First American Health Care	313.1
Oct 96	Multicare Companies	Common Stock Offering - Lead Manager	55.5
May 96	Integrated Health Services	Senior Subordinated Notes Offering - Lead Manager	150.0
Apr 96	Mariner Health Group	Senior Subordinated Notes Offering - Co-Manager	149.3
Feb 96	Concord Health Group	Sale to Multicare Companies	117.0
Feb 96	Living Centers of America	Common Stock Offering - Co-Manager	97.0
Sep 95	GranCare	Senior Subordinated Notes Offering - Lead-Manager	100.0
Aug 95	Community Care of America	Common Stock Offering - Lead Manager	32.8
Jul 95	Living Centers of America	Acquisition of Brian Center Corporation	291.2
Jul 95	GranCare	Acquisition of Evergreen HealthCare	162.5
Jul 95	Horizon Healthcare	Acquisition of Continental Medical Systems	594.5
Jun 95	Rehability Corporation	Sale to Living Centers of America	123.7
Jun 95	Pharmacy Management Services	Sale to Beverly Enterprises	145.2
May 95	Integrated Health Services	Senior Subordinated Notes Offering - Lead Manager	115.0
Mar 95	Multicare Companies	Convertible Debenture Offering - Co-Manager	75.0
Feb 95	Living Centers of America	Common Stock Offering - Co-Manager	90.6
Dec 94	Sun Healthcare Group	Common Stock Offering - Co-Manager	112.8
Oct 94	Living Centers of America	Acquisition of Abbey Pharmaceutical Services	50.0
Sep 94	Integrated Health Services	Leased 43 LTC facilities from Litchfield Asset Management	Undisc.
Aug 94	KBL Healthcare	Merger with Concord Service Corporation	100.0
Jul 94	Integrated Health Services	Acquisition of Cooper Holding Corporation	140.0
Jun 94	Integrated Health Services	Senior Subordinated Notes Offering - Lead Manager	100.0
Jun 94	Integrated Health Services	Common Stock Offering - Lead Manager	105.8
Jun 94	Multicare Companies	Common Stock Offering - Co-Manager	48.0
Jun 94	Summit Care Corporation	Common Stock Offering - Co-Manager	26.6
May 94	Sun Healthcare Group	Common Stock Offering - Co-Manager	95.1
Apr 94	Regency Health Services	Acquisition of Care Enterprises	160.0
Dec 93	Integrated Health Services	Acquisition of Central Park Lodges	250.0

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William C. McGahan Deal Experience (continued)

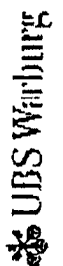
Closing Date	Client	Transaction	Transaction Value (\$mm)
Dec 93	Integrated Health Services	Convertible Debenture Offering - Lead Manager	143.7
Dec 92	Integrated Health Services	Convertible Debenture Offering - Lead Manager	115.0
Dec 92	Summit Care Corporation	Acquisition of Summit Properties & Sierra Land Group	Undisc.
Sep 92	The Mediplex Group	Senior Subordinated Notes Offering - Lead Manager	85.0
Apr 92	Integrated Health Services	Common Stock Offering - Lead Manager	47.5
Aug 91	The Mediplex Group	Common Stock Offering - Co-Manager	41.8
May 91	Continental Medical Systems	Common Stock Offering - Co-Manager	67.5
Apr 91	Integrated Health Services	Common Stock Offering - Lead Manager	52.5



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UBS Warburg LLC is a subsidiary of UBS AG
UBS Warburg na business group of UBS AG



Ex-2

Highly Confidential

Genesis Health Ventures Plan of Reorganization Valuation Analysis

August 22, 2001

CHILMARK

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PARTNERS

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CHILMARK

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PARTNERS

Exhibit A

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Valuation Summary

	<u>Low</u>	<u>High</u>
Genesis:		
Long-Term Care Business	\$ 407,000	\$ 624,000
Institutional Pharmacy Business	\$ 762,000	\$ 804,000
Total	\$1,169,000	\$1,428,000
Multicare	\$ 269,000	\$ 416,000
Genesis/Multicare Combined	\$1,438,000	\$1,844,000

- > Chilmark employed three valuation methods in arriving at an estimate for Genesis and Multicare: Comparable Company Trading Multiples, Discounted Cash Flow ("DCF") Valuation and Current Market Pricing. A fourth customary valuation approach, based on historical transactions prices, is irrelevant to the facts here. Chilmark concludes that the reorganization value of Genesis/Multicare is between \$1.44 billion and \$1.84 billion. Reorganization value means the value of the pro forma equity plus the pro forma debt. Our estimate of reorganization value is in a range between 6.9x and 8.9x trailing twelve-month EBITDA.
- > Comparable Company methodology produced a value range within which the other techniques fall: \$1.17 to \$1.43 billion for Genesis only, and \$269 million to \$416 million for Multicare.
- > Discounted Cash Flow methodology highlights the Company's prospective inability to earn a return on its invested capital greater than its cost of capital. This means, from a valuation perspective, that the enterprise has difficulty producing net economic value and should be priced modestly in the capital markets until such time, if ever, that its earnings capability grows materially. We based the DCF analysis on the debtors' business plans, which we believe to be reasonable in the aggregate. It produces a DCF valuation of \$1.46 billion for the Company on a combined basis.
- > The Current Market Pricing valuation is based on the current trading prices of Genesis/Multicare claims and represents the market's present view on reorganization value. That valuation is currently \$1.25 billion for Genesis alone and \$414 million for Multicare. Combined it produces a valuation of \$1.66 billion. Implied trailing twelve month EBITDA multiples for Genesis only, Multicare and Combined are 7.9x, 8.5x and 8.0x, respectively.
- > We conclude that the most likely case valuations are the mid-points of the above-listed ranges: Genesis - \$1.3 billion, Multicare - \$343 million, and Combined - \$1.6 billion.

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Exhibit B

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Comparable Company Analysis

- In this approach to valuation, financial data for similar companies in the public markets are analyzed, including the valuations placed by the market on those companies. The essence of the approach is the premise that the public securities markets are rational and even-handed—that they will evaluate the subject company by analogy, and afford like valuations to like entities.
- We include the six public nursing home companies not in Chapter 11. The three in Chapter 11 have not yet reached the stage of Plans and Disclosure Statements, and the eventual size of their liabilities is not known. In addition, we examine the two public institutional pharmacy companies in search of comparative valuations for Genesis' pharmacy business, NeighborCare.
- When the nursing home companies are compared to one another, and when their enterprise values are adjusted to treat leased assets as if they were owned and financed by borrowing (using EBITDA before rent, "EBITDAR"), valuations of all but one company, Manor Care, cluster in a fairly tight range. The ratio of enterprise value to trailing 12-month EBITDAR is between 6.0 and 8.4 for five of the six companies. For 3 of the 6 companies, the range is between 8.0 and 8.4.
- The conspicuous stand-out is Manor Care, with a ratio of 11.4.

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Comparable Company Analysis

- The market affords the highest valuations to the "best" companies—those with the best prospects for profits in the future.
 - Manor Care ranks among the highest nursing home companies in terms of profit margin on sales and return on invested capital.
 - Manor Care is by far the company with the most favorable payor mix—i.e. the least dependent on Medicaid. Manor Care's revenues come only 33% from Medicaid, compared to 62% for Beverly, 50% for Genesis, and 44.5% for Multicare.
 - Through June, Genesis/Multicare had a census of 70% Medicaid patients.
 - Reimbursement rates for Medicaid are substantially below those for private pay patients and/or Medicare patients.
- Genesis shows poorly on relative profitability with a profit margin on sales in its nursing home business lower than all but one of the other companies. Multicare's profit margin on sales is slightly lower yet.
- Measured by return on capital, Genesis and Multicare are the lowest of all public nursing home companies, save one.
- While the use of comparable public company trading data is somewhat subjective as to what "comparable" means, it is clear that Genesis and Multicare have no claim to the premium valuation enjoyed by Manor Care, the market leader.
- We therefore believe the appropriate valuation range for Genesis and Multicare is between 6.0 and 8.4 times EBITDA before rent, which treats leased properties as if they were owned and leveraged. This produces a valuation of between \$407 million and \$624 million for the Genesis nursing home business, and between \$269 million and \$416 million for Multicare.

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Comparable Company Analysis

EBITDAR Valuation

	Low	High
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GENESIS HEALTH VENTURES - Long-Term Care Business

EBITDA	\$ 73,450	\$ 73,450
Add Back: Rent Expense	16,891	16,891
EBITDAR	\$ 90,341	\$ 90,341
EBITDAR Valuation Multiple	6.0x	8.4x
EBITDAR Enterprise Value	\$ 542,046	\$ 758,864
Less: Capitalized Operating Leases (@ 12.5% cap rate)	(135,128)	(135,128)
Enterprise Value	\$ 406,918	\$ 623,736
Equivalent EBITDA Valuation Multiple	5.5x	8.5x

THE MULTICARE COMPANIES

EBITDA	\$ 48,928	\$ 48,928
Add Back: Rent Expense	12,119	12,119
EBITDAR	\$ 61,047	\$ 61,047
EBITDAR Valuation Multiple	6.0x	8.4x
EBITDAR Enterprise Value	\$ 366,282	\$ 512,795
Less: Capitalized Operating Leases (@ 12.5% cap rate)	(96,952)	(96,952)
Enterprise Value	\$ 269,330	\$ 415,843
Equivalent EBITDA Valuation Multiple	5.5x	8.5x

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